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CENTRAL INTELLIGENCE AGENCY

REPORT NO

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INFORMATION REPORT

CD NO

COUNTRY

Czechoslovakia

DATE DISTR 2 March 1954

SUBJECT

Miscellaneous Economic Information

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SUPPLEMENT TO
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1. In August 1953 construction of the Huko steelworks at Valka Ida (R49/E22) was definitely stopped.¹ The reason for this decision was the fact that the project planning was contrary to all economic principles, since neither iron ore nor coke nor experienced labor were available in this area.

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2. In August 1953 the Soviet Union cancelled all orders for MIG aircraft manufactured in Czechoslovakia. Raw material and semi-finished products supplied to Czechoslovakia from the Soviet Union for this production have to be returned to the USSR before the end of November 1953.
3. In the second half of the year 1953 the volume of the Czechoslovak national income destined for capital investment was reduced to 41 percent from 58 percent as rated in 1952 and the first half of 1953.²
4. The budget of the Ministry of National Defense was reduced by one third and the budget of the Ministry of Interior by one half on 31 August 1953.
5. The trade relations between Czechoslovakia and the Soviet Union develop according to the commercial treaty which is, however, unfavorable for Czechoslovakia. Besides, the terms for delivery of goods exported from Czechoslovakia to the USSR, especially machines, are so short that it is almost impossible for Czechoslovak industry to comply with them. Penalties imposed by the Soviets for late

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delivery are very high and sometimes, as far as machines are concerned, even higher than the price of the ordered goods.

- 6 High ranking functionaries of the Czechoslovak Communist Party are concerned about the dissatisfaction of the Czechoslovak population with the Communist regime. They fear that any large-scale workers' revolt like the one after the currency reform in Czechoslovakia or one similar to the uprising in East Germany in the summer of 1953 might be fatal for Communist rule in Czechoslovakia.

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1. Cf. [REDACTED]

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2. [REDACTED] Comment. In the proclamation of the Czechoslovak Government of 15 September 1953 it was announced that the planned volume of capital investment would be reduced for the rest of 1953 by 16.1 percent as against the original plan.

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